

**April 26, 2017**

[Original]

## Property Tax

**Mr. Higgs:** Yesterday, the Premier made a lot of references to 2015. The Premier repeatedly referenced 2015 as being the date that he was... Maybe it was when he was originally briefed on the new assessment system. We are not sure, but I would like to know more details about 2015. We know that there was plenty going on later in that year. No matter when he was first briefed, will the Premier advise the House on what the cost of the new assessment system was forecasted to be in 2015, when he was originally briefed? What was the cost before it was originally planned to be rolled out in four years versus the fast track? What was the original budget for the three-year rollout of this program? Thank you.

[Translation]

**Hon. Mr. Gallant:** As I mentioned several times yesterday, with regard to the timeline that Service New Brunswick officials had to do their work, the Premier's Office did in fact say that they could go ahead with the timeline they had presented. This was based on the recommendation made to them to make sure sufficient resources were available to do the work according to the timelines that were set.

The other recommendation that was also made by the Premier's Office was to hold a briefing session for the media to explain the process and demonstrate how it works. Of course, a business case was required to justify this timeline. We are well aware that property assessment here in New Brunswick is problematic, and we will solve these problems.

[Original]

**Mr. Higgs:** The same as yesterday, I am keeping track of the answers given. At this point, there have been zero answers given. Yesterday, I think 17 questions were asked. At this stage, of course, we are starting off as we did yesterday. You have to wonder what the purpose of this exercise is.

The question was: What was the original budget for the three-year rollout of this program? Is that what was presented in 2015, which the Premier so often referenced yesterday? He referenced that he was made aware of the program. He referenced it here and kind of made an insinuation that it was based on the original program, for which he may have been talking about a four-year rollout. What was that budget on the original three- to four-year rollout? Was it in the 2015 time frame that he learned of the program and learned of the budget? Was that when it was given? What was the budget? That is the question. I am going back for an answer, although I am not optimistic.



**Hon. Mr. Gallant:** Again, the Premier's Office had given the okay for Service New Brunswick to move forward with the timeline that it had in place. The Premier's Office asked that the department make sure there were enough resources in place to be able to accomplish the goal in the timeline. It also asked to ensure that there be a business case demonstrating that this procedure and the process would be justified and that there be a technical briefing for media so that, of course, not only the media, but also the public across the province, would be aware of the changes and what was happening.

There are definite problems with the problem-plagued property assessment process. That is why, as a government, we are taking aggressive action to fix it. We have asked former Justice Robertson to do a review of how the errors were created over the past several years, since 2011. Once we get that report, we will take those recommendations and fix the problem once and for all.

**Mr. Higgs:** We are still battling zero with no answers given. When the Premier ordered the fast-tracking of the assessments, there was additional money budgeted. We cannot get an answer on what the original budget was. However, we know that, in June 2016, there was another budget number of \$922 000. To quote the leaked document:

*Premier Brian Gallant was recently exposed to desktop review... He immediately requested our CEO... to accelerate... modernization efforts. A budget of \$922,000 was approved on June 22.*

Will the Premier tell us who approved the additional money? I am assuming that it was additional money. It has to be. It was much later than the 2015 date that the Premier certainly referenced several times. Was it the Premier who approved additional money in this budget, the \$922 000? Was it Cabinet? Did the Premier give approval for this additional money? Thank you.

**Hon. Mr. Gallant:** Again, as I stated several times, the Premier's Office wanted to ensure that there would be resources in place, a business case, and a technical briefing for media. Given that those conditions were being met, the Premier's Office was more than okay with the timeline that was being put forward.

There are definite problems with the property assessment process, and that is why we are taking action. Former Justice Robertson is going to be conducting a review. Again, I suggest to the member opposite that we allow that review to take its course and allow former Justice Robertson the chance to be able to go into the details of what happened this season and every season since 2011 to produce thousands of errors when it comes to assessing properties in the province. Those recommendations and findings will help us be able to have an agency, independent of the provincial government, set up to be able to do property assessments in the future, fixing the problem once and for all.

**Mr. Higgs:** If I were to qualify that, clearly, deflection was a huge part of the answer, but a "maybe" was in there. Maybe more money was approved. There was no real commitment or



admission that it was \$922 000, but maybe more money was approved because we wanted to put the resources in place to make it happen. We all know that the money that was spent—or that could have been spent, or that was planned to be spent—certainly did not make it happen in a way that did not affect thousands of New Brunswickers very negatively.

I ask again: Was the amount that was put forward, the request for \$922 000 of additional money... If so, what was that money specifically to be used for? I would like to know exactly why more money was approved—because Cabinet and the Premier must have done so—and what it was being used for. Why do we need more money to fast-track a system to hose New Brunswickers faster than we possibly needed to do?

**Hon. Mr. Gallant:** Again, former Justice Robertson will be doing a review. We owe it to him and to the people of New Brunswick to allow this independent review to run its course. He will then, of course, be in a position to answer many of the questions that New Brunswickers have, and rightly so.

I do agree with the Leader of the Opposition when he says that there were thousands of New Brunswickers who were negatively impacted. There have been thousands of New Brunswickers who have been negatively impacted by our problem-plagued property assessment process since 2011. In 2011, an arbitrary formula was used. Luckily, it was corrected subsequently. Nonetheless, we see that happening again this season. On top of that, there have been thousands and thousands of errors impacting New Brunswickers and families across the province. We recognize that, in some cases, that can cause hardship. In some cases—almost all—it causes confusion and inconvenience.

There are problems with our process when it comes to evaluating property assessments, and we are going to fix them.

**Mr. Higgs:** The Premier likes to go back and compare, saying that this is similar to what happened in the past. There are no similarities between this situation and what happened in the past. In the past, there may have been errors. There were not fabrications. There were not inflated bills. There were not fraudulent exercises that caused bills to go up. And, Mr. Speaker, I can assure you that there was not any interference from the Premier's Office to make bills inflated in order to fake renovations and get higher taxes in an expedited fashion, in a scenario where we are already taxing people well beyond the limit.

I am going back to the \$922 000. I want to know what that money was approved for. Why did the Premier approve additional money? Was additional money needed? Was it paid out for incentives to move this faster? Was it paid out to make things happen quicker? All I want is an answer.

**Hon. Mr. Gallant:** There have been thousands of errors every single year since 2011. Every single one of those errors did not serve the families of New Brunswickers who were put into a



situation of inconvenience and sometimes hardship. We are going to fix the problem-plagued property assessment process once and for all.

There is no doubt that, this time around, light has been shed on how some of the errors were made. Perhaps there were errors made in a similar fashion when, as we came to discover, in 2011, an arbitrary formula was used then too.

(Interjections.)

**Mr. Speaker:** Order.

**Hon. Mr. Gallant:** We need to get to the bottom of this. New Brunswickers deserve to have all their questions answered. By having former Justice Robertson do his independent review, we are going to do exactly that. Not only will we have this review done, but also we are going to fix the problems once and for all by having an agency that is independent of the provincial government do the assessments in the future.

**Mr. Higgs:** Moving on with an answer is all that I am interested in. All I want are facts. Why was the \$922 000 needed to fast-track the assessment system? That \$922 000 is a very specific figure, so the Premier must have had some very specific line items to share with the taxpayers of this province. Why was more money needed? Was it required to pay the contractor for the system? Was it required for incentives to get it done early? Were there internal bonuses in order to make this happen in a way that got it down from three or four years to one year? Was it for financial incentives to rush the rollout? Why was \$922 000 required to meet the Premier's order to fast-track the new assessment system? Who benefits from this? I want to know who was paid to push this system hard on the citizens of this province and to make people pay through the nose. That is what I want to hear.

[*Translation*]

**Hon. Mr. Gallant:** If the Leader of the Opposition wants to talk about facts, these are very simple. Since 2011, thousands of errors in property assessments have, unfortunately, been made.

This season, property assessment errors were made again, and, as I said before, one error is one too many. We also know that an arbitrary formula was used, and this is why we will rectify the situation by asking former Justice Robertson to carry out a comprehensive review to see what happened this season, as well as in other years since 2011.

We will make sure an agency at arm's length from the provincial government is tasked with overseeing property assessments in the future. In addition, we have made sure people can report errors that have been made in their assessments at any time. Also, we asked that the request-for-review deadline be extended.



[Original]

**Mr. Higgs:** If the \$922 000 that was approved to rush the system was done for that one year in order to say that we have to get it done by the end of the year and to get it out for the taxation year 2017, I have to believe that it was done on June 22, 2016, when some or all the members of Cabinet became aware of the fast-track order. They all must have played a role in this. If they did not already know about it, they would have when it was approved. This opens an entirely new set of issues for some of the government members who have spoken out on this very issue in this House.

Can the Premier confirm today whether Cabinet was made aware of the increased budget to fast-track the assessment system in June 2016? I happen to believe that, through the process, not only does the Premier have to approve this, but Cabinet also has to approve it. They all must have been made aware. Will the Premier confirm today that his entire team was involved in making this decision to put fraudulent bills out in the hands of taxpayers and cause this emotional struggle throughout our province? Thank you.

[Translation]

**Hon. Mr. Gallant:** I repeat, once again, that we have had the following problems with property assessments: Thousands of property assessment errors have been made in this province since 2011, and, as a result, the situation must be rectified.

Yes, this season, we saw that an arbitrary formula was used. Why was it used? Who used it? Who said yes to this formula? These are questions to which we all want answers, and this is why we asked former Justice Robertson to carry out an independent and comprehensive review to see what happened this season and, moreover, what has been happening since 2011.

There are real problems with our property assessment system, and this is why we will have an agency at arm's length from the provincial government conducting property assessments in the future. There are problems, and, as a government, we will take steps to resolve the situation.

[Original]

**Mr. Higgs:** If there is one thing I can say, it is that the Premier is certainly staying on script. No answers, no new information, no confirmation of what we all know, just denial and deflection. We will blame it on somebody else. We are going to reset the system. We are going to look forward. We are not going to look backward to find out who made this mistake and why. However, we know who made this mistake.

Yesterday, the Premier deferred all questions about his role in ordering the fast-tracking that led the invented tax system to the Robertson inquiry. Today, it is the same format. Yet, he has been very slow to tell us which questions that inquiry will have the power to answer. When he announced the inquiry on April 3, he said, and I quote the Premier in this situation: "New



Brunswickers want to know how this happened. This report... will confirm who knew what, when—and what did people do?” That was the Premier.

My question to the Premier now is this: Is that question in Judge Robertson’s terms of reference, and will the judge have the power to answer it? Thank you.

**Hon. Mr. Gallant:** The Leader of the Opposition is insinuating that we are not going to look back on what happened. For weeks now, we have been talking about the independent review that will be done by former Justice Robertson. The whole point of that review is to look back at what happened—what happened this season, what happened in every season since 2011 when it comes to property assessments—that has unfortunately created thousands of errors every single year when it comes to assessing people’s properties around the province.

The Leader of the Opposition should know that the terms of reference were announced weeks ago. The principles that would guide the review were announced weeks ago to the media. Yesterday, there was an update that was released with regard to the review, with regard to other matters concerning the subject, including putting online the contract that former Justice Robertson signed to do this work. We are being as transparent as we can possibly be when it comes to this review.

**Mr. Higgs:** It is interesting that the Premier is saying that he is going to leave this in the hands of Judge Robertson to go through this independent review. Obviously, we all have concerns about an independent process that goes through the Premier’s Office for validation of scope and for outcome of recommendations. However, the concern is that the Premier is now stating openly: We are going to take Service New Brunswick’s assessment office, and we are going to outsource this. This is going to be an independent agency.

What has he said to Judge Robertson? He has said: Here is kind of the scope, but your recommendation is going to be to outsource this; your recommendation is going to be that we do away with assessment New Brunswick. What kind of inquiry is that? When the problem is in the Premier’s Office, you do not forego all of that and say: Regardless of what I learn here about how badly the Premier has messed up, I am just going to get rid of this agency because I am going to make the assessment people pay for this. That is not the solution. This will not be an independent inquiry.

I ask again: Will the questions in Judge Robertson’s terms of reference... Will the judge have the power to answer all questions and have an independent review not overseen by the Premier’s Office?

**Hon. Mr. Gallant:** Again, I would invite the Leader of the Opposition to read the terms of reference, to read the contract that former Justice Robertson signed to do the work of the independent review.



We believe—I cannot speak on behalf of all New Brunswickers, but I would think that the vast majority would agree—that former Justice Robertson is of impeccable credibility and integrity and that he will do a great job on behalf of New Brunswickers of shedding light on how so many errors have been created, for so many years, when it comes to the property assessment process.

I also want to add that having an agency independent from the provincial government do property assessments has been discussed for years. In fact, the Canadian Taxpayers Federation made the recommendation. Other stakeholders have as well. Other provinces already have this type of process for evaluating the assessments of properties. We are going to do it as well because it is going to help fix all the problems with the system that we have now.

**Mr. Higgs:** I want to be clear. This is not about the credibility of Judge Robertson. It is about the credibility of the Premier. We believe that the judge will answer any question put to him. The issue is whether or not the Premier will dare let him answer questions about the Premier's role. Most independent inquiries allow investigators to deal with new issues that arise without having to ask the government so that the government cannot duck from embarrassing information that comes out. We have reason to be very concerned that the process is anything but.

My questions to the Premier are: Will Judge Robertson be given the authority to expand the scope of his inquiry without having to request approval from the Premier? Will Judge Robertson be able to report directly to the people of this province without having to get approval from the Premier's Office? Will Judge Robertson be able to report to this Legislative Assembly without first having the report filtered through the Premier's Office? We want an independent review, not a review that is based on the Premier's best wishes. Thank you.

**Hon. Mr. Gallant:** To suggest that former Justice Robertson would not do this work to the best of his ability as a credible jurist and as somebody who has served the province in many important capacities, I think, is unfortunate. Former Justice Robertson is going to be doing an independent review. I can assure you that I would... I cannot speak for all, but I can only assume that almost any former judge would want to make sure that it would be, indeed, independent before agreeing to do this type of review. I cannot speak on behalf of former Justice Robertson, but I can only assume that a person of his impeccable credentials and impartiality throughout his career would do the same.

We have no doubt that former Justice Robertson is going to do a great job. He is going to make sure that we shed light on all this matter. He is going to ensure that we are able to answer the questions that New Brunswickers deserve to have answered. Those questions are very simple: What are the problems, and how do we fix them?

**Mr. Higgs:** Here is another question: How did we get here? What are the problems, how do we fix them, but how did we get here? This is the most important question: What activity in the Premier's Office got us in this state to begin with? He avoided that most important question.



We got here by the Premier's meddling in a process that was well laid out by the civil servants, well laid out to be exercised in a meaningful, fair way for the taxpayers in this province. However, no, no, we needed the money in a hurry. We needed to gouge taxpayers as fast as possible, but we are spending it faster than it is coming in. How do we do it? Fast-track the system. Will you pay another \$1 million? Sure, because I can get that back in the first year. Let's get on with it. That is the problem. That is the question that has to be asked.

What we need to know is this: Will Judge Robertson have the authority to investigate when the Premier was told about the new property tax assessment and to tell us who exactly ordered the fast track of the new system? We got here for a reason, and it was not because of the assessors in the office of Service New Brunswick.

**Hon. Mr. Gallant:** How we got here is exactly what the independent review that former Justice Robertson will do is going to answer. I think that many New Brunswickers would agree that one of the main reasons that we got here is that there have been thousands of errors every single year since 2011 when it comes to property assessments. The former government did nothing to fix the process that was obviously problem-plagued before. We are acting, and we are going to fix the problems once and for all.

We believe, however, that there may be other issues that former Justice Robertson will be able to uncover, and we look forward to that. We understand that New Brunswickers are very frustrated with the problem-plagued property assessment process, and that is why we are taking bold action by having this review expose the problems and help us come up with recommendations and suggestions that will help us fix the problem once and for all.

**Mr. Higgs:** You know, this government is setting records, all right. This year, there were two and a half times the number of appeals than in any other previous year in the history of this province.

(Interjections.)

**Mr. Speaker:** Order.

**Mr. Higgs:** Why did that happen? It happened because fraudulent bills were sent out and because the government took advantage of taxpayers by creating renovations that did not happen and by creating a system that was not tested, tried, and true. It has nothing to do with past issues and past errors. There is no comparison. This is a whole new issue, a whole new concern. As much as the Premier would like to deflect it back to the past, it does not work because this is a new day.

Most independent officers report to the Speaker of the House, as in the case of the Conflict of Interest Commissioner. Given that at least two leaked documents have tied the order for a fast track of property assessments to the Premier, will the Premier allow Judge Robertson to give



his report to the Speaker of the House so that the government cannot edit or influence it?  
Thank you.

**Hon. Mr. Gallant:** Again, I ask that the member opposite not attack the credibility of former Justice Robertson. He is clearly going to ensure that he does an independent review of what has happened since 2011, which has created thousands of errors that have affected families and New Brunswickers across the province. These thousands of errors every single year, in many cases, cause hardship and, in almost every single case, cause confusion and inconvenience. We are going to get to the bottom of this. Former Justice Robertson's role is going to be very helpful.

The Leader of the Opposition talks about appeals going up. Again, I ask him to use the right terms. It is a request for review. By using "appeal", he is confusing the process, and it is important for New Brunswickers to know what they can do to fix the problems that they think may have happened with their assessments. It is a request for review, and we think that it is a good thing that more New Brunswickers have done that because there is a problem-plagued process and they need to know that they have a recourse to get corrections.

**Mr. Coon:** On March 31, I called on the government to institute an independent commission of inquiry led by a respected New Brunswicker to recommend how to bring fairness to and restore trust in our property tax system. The Premier announced that Justice Joseph Robertson will conduct a review of how it came to pass that inflated tax bills were sent to 2 000 New Brunswickers.

The contract with Justice Robertson has been posted online, and, under "Investigative Authority", it simply says that he is going to be authorized to request access to all documents subject to the laws of the land. My question to the Premier is this: Why has Justice Robertson not been given the powers under the terms of the *Inquiries Act* so that he has the legal powers of investigation of a commissioner?

[*Translation*]

**Hon. Mr. Gallant:** I think it is obvious that our government is doing everything that can be done to be as transparent as possible at all times and especially in the current situation with our property assessment system.

This is why we asked former Justice Robertson to carry out an independent and comprehensive review of what happened during the last season and every year since 2011. Obviously, the property assessment system created thousands of errors each year, so the situation must be resolved once and for all.

We posted the contract signed by former Justice Robertson online, so that New Brunswickers can see what work he will be doing for them to answer their questions about the property



assessment system. We have no doubt that former Justice Robertson will do a good job and that he will help us rectify the situation once and for all.

[Original]

**Mr. Coon:** Clearly, what the contract that is online tells us is that Justice Robertson does not have the powers to do the job that he has been given. The *Inquiries Act* gives a commissioner the power to require attendance before the commission of inquiry by summons of any persons whose evidence may be material to the subject of the inquiry, and the commissioner may order any persons to produce books, papers, and documents that appear necessary, whether they work in the Premier's Office, a minister's office, a department, or a Crown corporation, and whether they are a minister or the Premier himself.

Can the Premier tell this House why Justice Robertson has not been given these powers under the *Inquiries Act* to summon people to appear before him and to order any person to produce papers and documents necessary to carry out his investigation? It even looks to me as though he might be subject to the right to information Act and will not be able to access Cabinet documents and advice to the minister.

[Translation]

**Hon. Mr. Gallant:** I think former Justice Robertson was well respected throughout his career, and I have no doubt that he will be able to do a good job for New Brunswickers in order to answer questions about the problems caused by our property assessment system.

I cannot speak for former Justice Robertson, but from what I can understand, he seems satisfied. I believe this is so, because he signed the contract to do this work; so, we can assume he feels he is in a position to independently carry out his assessment or his comprehensive review, in order to understand exactly what happened during the last season and every year since 2011. Thousands of errors have been made since then with regard to New Brunswickers' property assessments.

What is important for us, as a government, is to find all the problems in the system and to fix them to better serve New Brunswickers.

[Original]

**Mr. Coon:** Many New Brunswickers now regard our property tax system as a mess. They want to see something constructive come out of this fiasco, something positive. They want to see an end to the sweetheart deals with big industry and the politically influential. They want to have faith that the assessed value of their property is fair and accurate and has been arrived at by a dependable, transparent process. Justice Robertson needs the tools to access the information and the people to get to the bottom of what has happened to create this mess. Once again, I ask why the Premier has failed and refuses to give former Justice Robertson the powers under



the *Inquiries Act* to conduct a proper, effective, and very public inquiry into the property tax mess.

[*Translation*]

**Hon. Mr. Gallant:** New Brunswickers are, without a doubt, frustrated with the property assessment system. This is precisely why we took vigorous action to rectify the situation and to make sure an independent, comprehensive review was carried out about what has happened with the property assessment system since 2011. This is why we extended the deadline to request a review. This is also why, if errors are made, New Brunswickers can express their concerns in that regard at any time, and a correction can be made.

In addition, we made the commitment to create an agency at arm's length from the provincial government that will be responsible for the property assessment system in the future.

[*Original*]

As this is the last question, I do want to let the New Brunswickers who are watching know that we, as their government, are going to continue to focus on things that are important, such as the economy and, more specifically, softwood lumber and trade with the United States. That is top of mind for New Brunswickers, and it is crucial to the future of our economy that we get it right.

